

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Date of report)

August 5, 2024

(Date of earliest event reported)

August 5, 2024

ONE Gas, Inc.

(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction
of incorporation)

001-36108
(Commission
File Number)

46-3561936
(IRS Employer
Identification No.)

15 East Fifth Street; Tulsa, OK

(Address of principal executive offices)

74103
(Zip code)

(918) 947-7000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$0.01 per share	OGS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The information disclosed in Items 2.02 and 7.01, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing.

Item 2.02 Results of Operations and Financial Condition

On August 5, 2024, we announced our results of operations for the quarter ended June 30, 2024. The news release is furnished as Exhibit 99.1 and incorporated by reference herein.

Item 7.01 Regulation FD Disclosure

On August 5, 2024, we announced our results of operations for the quarter ended June 30, 2024 and reaffirmed our 2024 financial guidance. The news release is furnished as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit
Number

Description

99.1 [News release issued by ONE Gas, Inc. dated August 5, 2024.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: August 5, 2024

ONE Gas, Inc.

By: /s/ Christopher P. Sighinolfi
Christopher P. Sighinolfi
Senior Vice President and
Chief Financial Officer



News

August 5, 2024

Analyst Contact: Erin Dailey
918-947-7411

Media Contact: Leah Harper
918-947-7123

ONE Gas Announces Second Quarter 2024 Financial Results; Reaffirms 2024 Financial Guidance

TULSA, Okla. - Aug. 5, 2024 - ONE Gas, Inc. (NYSE: OGS) today announced its second quarter financial results and reaffirmed its 2024 financial guidance.

“The first half of 2024 was in line with our expectations, with active rate cases and interim filings progressing well in all jurisdictions,” said Robert S. McAnnally, president and chief executive officer. “We head into the second half of the year with positive momentum and remain focused on executing our strategic plan and safely serving our customers.”

SECOND QUARTER 2024 FINANCIAL RESULTS & HIGHLIGHTS

- Second quarter 2024 net income was \$27.3 million or \$0.48 per diluted share, compared with \$32.7 million, or \$0.58 per diluted share, in the second quarter 2023;
- Year-to-date 2024 net income was \$126.6 million, or \$2.23 per diluted share, compared with \$135.3 million, or per \$2.42 diluted share, in the same period last year;
- On Aug. 2, 2024, a unanimous settlement agreement was signed by all parties to the Kansas Gas Service rate case and filed with the Kansas Corporation Commission (KCC), subject to approval; and
- A quarterly dividend of \$0.66 per share (\$2.64 annualized) was declared on July 15, 2024, payable on Aug. 30, 2024, to shareholders of record at the close of business on Aug. 14, 2024.

SECOND QUARTER 2024 FINANCIAL PERFORMANCE

ONE Gas reported operating income of \$69.4 million in the second quarter 2024, compared with \$64.0 million in the second quarter 2023, which primarily reflects:

- an increase of \$14.7 million in revenue from new rates; and
- an increase of \$1.6 million in residential sales due primarily to net customer growth in Oklahoma and Texas.

-more-

These increases were partially offset by:

- an increase of \$5.0 million in depreciation and amortization expense from additional capital investment;
- an increase of \$1.8 million in employee-related costs due primarily to planned investments in the Company's workforce and ongoing in-sourcing efforts;
- an increase of \$1.8 million in outside services, mitigated in part by in-sourcing efforts; and
- a decrease of \$1.3 million due to lower sales volumes, net of the impact of weather normalization mechanisms.

Excluding interest related to KGSS-I securitized bonds, net interest expense increased \$10.0 million for the three months ending June 30, 2024, due primarily to the issuance of \$300 million of 5.10 percent senior notes in December 2023 and the repayment of \$300 million of 3.61 percent senior notes and \$473 million of 1.10 percent senior notes in February and March 2024, respectively, with commercial paper.

Income tax expense includes a credit for amortization of the regulatory liability associated with excess deferred income taxes (EDIT) of \$1.8 million and \$3.1 million for the three months ended June 30, 2024, and 2023, respectively.

Capital expenditures and asset removal costs were \$194.6 million for the second quarter 2024 compared with \$190.2 million in the same period last year, primarily representing expenditures for system integrity and extension of service to new areas.

YEAR-TO-DATE 2024 FINANCIAL PERFORMANCE

Operating income for the six-month 2024 period was \$215.3 million, compared with \$213.3 million in 2023, which primarily reflects:

- an increase of \$25.9 million from new rates; and
- an increase of \$3.0 million in residential sales due primarily to net customer growth in Oklahoma and Texas.

These increases were offset partially by:

- an increase of \$10.3 million of employee-related costs due primarily to planned investments in the Company's workforce and ongoing in-sourcing efforts;
- an increase of \$10.3 million in depreciation and amortization expense from additional capital investment; and
- a decrease of \$4.9 million due to lower sales volumes, net of the impact of weather normalization mechanisms.

-more-

Weather across the service territories for the six-month 2024 period was 13 percent warmer than normal and 6 percent warmer than the same period last year. The impact on operating income was mitigated by weather normalization mechanisms.

Excluding interest related to KGSS-I securitized bonds, net interest expense increased \$11.7 million for the six months ended June 30, 2024. Interest expense was primarily impacted by the conversion of the two debt maturities in the first quarter 2024 to commercial paper with a higher weighted average interest rate and the issuance of \$300 million of 5.10 percent senior notes in December 2023.

Income tax expense includes a credit for amortization of the regulatory liability associated with EDIT of \$11.9 million and \$13.0 million for the six months ended June 30, 2024, and 2023, respectively.

Capital expenditures and asset removal costs were \$374.0 million for the six-month 2024 period compared with \$354.8 million in the same period last year. The increase was due primarily to expenditures for system integrity and extension of service to new areas.

REGULATORY ACTIVITIES UPDATE

In February 2024, Oklahoma Natural Gas filed its annual Performance-Based Rate Change application for the test year ended December 2023. The filing included a requested \$31.8 million base rate revenue increase. On May 31, 2024, a settlement was filed with a proposed revenue increase of \$31.4 million. On July 15, 2024, the administrative law judge issued a report to the Oklahoma Corporation Commission (OCC) recommending approval of the settlement agreement. New rates went into effect on June 28, 2024, subject to refund until the OCC issues an order. An order is expected in the third quarter of 2024.

In March 2024, Kansas Gas Service submitted an application to the KCC requesting an increase to its base rates reflecting investments in its natural gas distribution system, implementation of a performance-based ratemaking mechanism and residential rate design options that align with customer usage. On Aug. 2, 2024, a unanimous settlement agreement was signed by all parties to the rate case and filed with the KCC. A hearing on the unanimous settlement agreement is scheduled for the week of Aug. 12, 2024.

If the unanimous settlement agreement is approved by the KCC as filed, Kansas Gas Service's net base rates would increase \$35 million. Kansas Gas Service was already recovering \$35 million from customers through Gas System Reliability Surcharge (GSRS) filings; therefore, this settlement represents a total base rate increase of \$70 million. The unanimous settlement agreement stipulates a GSRS pre-tax carrying charge of 8.97 percent for subsequent GSRS filings. According to the Order Setting Procedural Schedule, the KCC will issue an order by Oct. 25, 2024.

In March 2024, Texas Gas Service made a Gas Reliability Infrastructure Program (GRIP) filing for all customers in the West-North service area, requesting a \$8.6 million increase to be effective in July 2024. In June 2024, two municipalities denied the requested increase, which Texas

-more-

Gas Service appealed to the Railroad Commission of Texas (RRC). All other municipalities, and the RRC, approved an increase of \$8.5 million or allowed it to take effect with no action. Texas Gas Service implemented the new rates in July 2024, subject to adjustment depending upon the outcome of the appeal.

In February 2024, Texas Gas Service made a GRIP filing for all customers in the Central-Gulf service area, requesting a \$12.3 million increase. In May 2024, the RRC and the municipalities approved an increase of \$12.2 million, and new rates became effective in June 2024.

In June 2024, Texas Gas Service filed a rate case for all customers in the Central-Gulf service area, requesting a \$25.8 million increase. Texas Gas Service has invested approximately \$355 million in its Central-Gulf service area natural gas distribution system since its last Central-Gulf service area rate case was finalized in August 2020. A portion of this investment, approximately \$342 million, is currently recovered through GRIP. The current filing is based on a 10.25 percent return on equity and a 59.6 percent common equity ratio. New rates are expected to take effect in late 2024.

In May, Texas Gas Service made a GRIP filing for all customers in the Rio Grande Valley service area, requesting a \$3.7 million increase to be effective in August 2024.

2024 FINANCIAL GUIDANCE

ONE Gas reaffirmed the financial guidance it issued on Nov. 29, 2023, with 2024 net income expected to be in the range of \$214 million to \$231 million, or \$3.70 to \$4.00 per diluted share. Capital expenditures, including asset removal costs, are expected to be approximately \$750 million in 2024.

EARNINGS CONFERENCE CALL AND WEBCAST

The ONE Gas executive management team will host a conference call on Tuesday, Aug. 6, 2024, at 11 a.m. Eastern Daylight Time (10 a.m. Central Daylight Time). The call also will be carried live on the ONE Gas website.

To participate in the telephone conference call, dial 833-470-1428, passcode 221538, or log on to www.onegas.com/investors and select Events and Presentations.

If you are unable to participate in the conference call or the webcast, a replay will be available on the ONE Gas website, www.onegas.com, for 30 days. A recording will be available by phone for seven days. The playback call may be accessed at 866-813-9403, passcode 629830.

ONE Gas, Inc. (NYSE: OGS) is a 100% regulated natural gas utility, and trades on the New York Stock Exchange under the symbol "OGS." ONE Gas is included in the S&P MidCap 400 Index and is one of the largest natural gas utilities in the United States.

Headquartered in Tulsa, Oklahoma, ONE Gas provides a reliable and affordable energy choice to more than 2.3 million customers in Kansas, Oklahoma and Texas. Its divisions include Kansas Gas Service, the largest natural gas distributor in Kansas; Oklahoma Natural Gas, the largest in Oklahoma; and Texas Gas Service, the third largest in Texas, in terms of customers.

-more-

**ONE Gas Announces Second Quarter 2024 Financial Results;
Reaffirms 2024 Financial Guidance
August 5, 2024
Page 5**

For more information and the latest news about ONE Gas, visit onegas.com and follow its social channels: [@ONEGas](#), [Facebook](#), [LinkedIn](#) and [YouTube](#).

Some of the statements contained and incorporated in this news release are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The forward-looking statements relate to our anticipated financial performance, liquidity, management's plans and objectives for our future operations, our business prospects, the outcome of regulatory and legal proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. The following discussion is intended to identify important factors that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained or incorporated in this news release identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled," "likely," and other words and terms of similar meaning.

One should not place undue reliance on forward-looking statements, which are applicable only as of the date of this news release. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Those factors may affect our operations, markets, products, services and prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, the following:

- our ability to recover costs, income taxes and amounts equivalent to the cost of property, plant and equipment, regulatory assets and our allowed rate of return in our regulated rates or other recovery mechanisms;
- cyber-attacks, which, according to experts, continue to increase in volume and sophistication, or breaches of technology systems that could disrupt our operations or result in the loss or exposure of confidential or sensitive customer, employee, vendor or Company information; further, increased remote working arrangements have required enhancements and modifications to our information technology infrastructure (e.g. Internet, Virtual Private Network, remote collaboration systems, etc.), and any failures of the technologies, including third-party service providers, that facilitate working remotely could limit our ability to conduct ordinary operations or expose us to increased risk or effect of an attack;
- our ability to manage our operations and maintenance costs;
- the concentration of our operations in Oklahoma, Kansas and Texas;
- changes in regulation of natural gas distribution services, particularly those in Oklahoma, Kansas and Texas;
- the economic climate and, particularly, its effect on the natural gas requirements of our residential and commercial customers;
- the length and severity of a pandemic or other health crisis which could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period;
- competition from alternative forms of energy, including, but not limited to, electricity, solar power, wind power, geothermal energy and biofuels;
- adverse weather conditions and variations in weather, including seasonal effects on demand and/or supply, the occurrence of severe storms in the territories in which we operate, and climate change, and the related effects on supply, demand, and costs;
- indebtedness could make us more vulnerable to general adverse economic and industry conditions, limit our ability to borrow additional funds and/or place us at competitive disadvantage compared with competitors;
- our ability to secure reliable, competitively priced and flexible natural gas transportation and supply, including decisions by natural gas producers to reduce production or shut-in producing natural gas wells and expiration of existing supply and transportation and storage arrangements that are not replaced with contracts with similar terms and pricing;
- our ability to complete necessary or desirable expansion or infrastructure development projects, which may delay or prevent us from serving our customers or expanding our business;
- operational and mechanical hazards or interruptions;
- adverse labor relations;
- the effectiveness of our strategies to reduce earnings lag, revenue protection strategies and risk mitigation strategies, which may be affected by risks beyond our control such as commodity price volatility, counterparty performance or creditworthiness and interest rate risk;

-more-

**ONE Gas Announces Second Quarter 2024 Financial Results;
Reaffirms 2024 Financial Guidance
August 5, 2024
Page 6**

- the capital-intensive nature of our business, and the availability of and access to, in general, funds to meet our debt obligations prior to or when they become due and to fund our operations and capital expenditures, either through (i) cash on hand, (ii) operating cash flow, or (iii) access to the capital markets and other sources of liquidity;
- our ability to obtain capital on commercially reasonable terms, or on terms acceptable to us, or at all;
- limitations on our operating flexibility, earnings and cash flows due to restrictions in our financing arrangements;
- cross-default provisions in our borrowing arrangements, which may lead to our inability to satisfy all of our outstanding obligations in the event of a default on our part;
- changes in the financial markets during the periods covered by the forward-looking statements, particularly those affecting the availability of capital and our ability to refinance existing debt and fund investments and acquisitions to execute our business strategy;
- actions of rating agencies, including the ratings of debt, general corporate ratings and changes in the rating agencies' ratings criteria;
- changes in inflation and interest rates;
- our ability to recover the costs of natural gas purchased for our customers and any related financing required to support our purchase of natural gas supply;
- impact of potential impairment charges;
- volatility and changes in markets for natural gas and our ability to secure additional and sufficient liquidity on reasonable commercial terms to cover costs associated with such volatility;
- possible loss of local distribution company franchises or other adverse effects caused by the actions of municipalities;
- payment and performance by counterparties and customers as contracted and when due, including our counterparties maintaining ordinary course terms of supply and payments;
- changes in existing or the addition of new environmental, safety, tax and other laws to which we and our subsidiaries are subject, including those that may require significant expenditures, significant increases in operating costs or, in the case of noncompliance, substantial fines or penalties;
- the effectiveness of our risk-management policies and procedures, and employees violating our risk-management policies;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- advances in technology, including technologies that increase efficiency or that improve electricity's competitive position relative to natural gas;
- population growth rates and changes in the demographic patterns of the markets we serve, and economic conditions in these areas' housing markets;
- acts of nature and naturally occurring disasters;
- political unrest and the potential effects of threatened or actual terrorism and war;
- the sufficiency of insurance coverage to cover losses;
- the effects of our strategies to reduce tax payments;
- changes in accounting standards;
- changes in corporate governance standards;
- existence of material weaknesses in our internal controls;
- our ability to comply with all covenants in our indentures and the ONE Gas Credit Agreement, a violation of which, if not cured in a timely manner, could trigger a default of our obligations;
- our ability to attract and retain talented employees, management and directors, and shortage of skilled-labor;
- unexpected increases in the costs of providing health care benefits, along with pension and postemployment health care benefits, as well as declines in the discount rates on, declines in the market value of the debt and equity securities of, and increases in funding requirements for, our defined benefit plans; and
- our ability to successfully complete merger, acquisition or divestiture plans, regulatory or other limitations imposed as a result of a merger, acquisition or divestiture, and the success of the business following a merger, acquisition or divestiture.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail in Part 1, Item 1A, Risk Factors, in our Annual Report. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise.

-more-

APPENDIX

ONE Gas, Inc.
CONSOLIDATED STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>(Thousands of dollars, except per share amounts)</i>			
Total revenues	\$ 354,137	\$ 398,114	\$ 1,112,457	\$ 1,430,257
Cost of natural gas	71,958	130,241	454,961	796,040
Operating expenses				
Operations and maintenance	121,732	118,614	254,515	245,298
Depreciation and amortization	72,549	67,547	149,121	138,811
General taxes	18,473	17,690	38,575	36,856
Total operating expenses	212,754	203,851	442,211	420,965
Operating income	69,425	64,022	215,285	213,252
Other income, net	832	2,174	4,340	4,755
Interest expense, net	(36,970)	(27,485)	(68,327)	(57,600)
Income before income taxes	33,287	38,711	151,298	160,407
Income taxes	(6,044)	(6,022)	(24,738)	(25,097)
Net income	\$ 27,243	\$ 32,689	\$ 126,560	\$ 135,310
Earnings per share				
Basic	\$ 0.48	\$ 0.59	\$ 2.23	\$ 2.43
Diluted	\$ 0.48	\$ 0.58	\$ 2.23	\$ 2.42
Average shares (<i>thousands</i>)				
Basic	56,750	55,566	56,740	55,552
Diluted	56,827	55,914	56,813	55,857
Dividends declared per share of stock	\$ 0.66	\$ 0.65	\$ 1.32	\$ 1.30

-more-

APPENDIX

**ONE Gas, Inc.
CONSOLIDATED BALANCE SHEETS**

<i>(Unaudited)</i>	June 30, 2024	December 31, 2023
Assets	<i>(Thousands of dollars)</i>	
Property, plant and equipment		
Property, plant and equipment	\$ 8,764,153	\$ 8,468,967
Accumulated depreciation and amortization	2,390,978	2,333,755
Net property, plant and equipment	6,373,175	6,135,212
Current assets		
Cash and cash equivalents	10,744	18,835
Restricted cash and cash equivalents	21,722	20,552
Total cash, cash equivalents and restricted cash and cash equivalents	32,466	39,387
Accounts receivable, net	193,261	347,864
Materials and supplies	86,502	77,649
Natural gas in storage	138,290	187,097
Regulatory assets	114,153	75,308
Other current assets	35,553	37,899
Total current assets	600,225	765,204
Goodwill and other assets		
Regulatory assets	276,009	287,906
Securitized intangible asset, net	278,939	293,619
Goodwill	157,953	157,953
Other assets	138,770	131,100
Total goodwill and other assets	851,671	870,578
Total assets	\$ 7,825,071	\$ 7,770,994

-more-

APPENDIX

**ONE Gas, Inc.
CONSOLIDATED BALANCE SHEETS
(Continued)**

<i>(Unaudited)</i>	June 30, 2024	December 31, 2023
	<i>(Thousands of dollars)</i>	
Equity and Liabilities		
Equity and long-term debt		
Common stock, \$0.01 par value: authorized 250,000,000 shares; issued and outstanding 56,650,838 shares at June 30, 2024; issued and outstanding 56,545,924 shares at December 31, 2023	\$ 567	\$ 565
Paid-in capital	2,038,514	2,028,755
Retained earnings	788,976	737,739
Accumulated other comprehensive loss	(1,184)	(1,182)
Total equity	2,826,873	2,765,877
Other long-term debt, excluding current maturities, net of issuance costs	1,878,689	1,877,895
Securitized utility tariff bonds, excluding current maturities, net of issuance costs	268,233	282,506
Total long-term debt, excluding current maturities, net of issuance costs	2,146,922	2,160,401
Total equity and long-term debt	4,973,795	4,926,278
Current liabilities		
Current maturities of other long-term debt	13	772,984
Current maturities of securitized utility tariff bonds	28,183	27,430
Notes payable	1,031,500	88,500
Accounts payable	164,963	278,056
Accrued taxes other than income	56,018	68,793
Regulatory liabilities	39,750	66,901
Customer deposits	60,243	62,187
Other current liabilities	76,303	112,370
Total current liabilities	1,456,973	1,477,221
Deferred credits and other liabilities		
Deferred income taxes	789,628	752,068
Regulatory liabilities	485,172	500,478
Employee benefit obligations	20,178	20,265
Other deferred credits	99,325	94,684
Total deferred credits and other liabilities	1,394,303	1,367,495
Commitments and contingencies		
Total liabilities and equity	\$ 7,825,071	\$ 7,770,994

-more-

APPENDIX

**ONE Gas, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(Unaudited)</i>	Six Months Ended June 30,	
	2024	2023
	<i>(Thousands of dollars)</i>	
Operating activities		
Net income	\$ 126,560	\$ 135,310
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	149,121	138,811
Deferred income taxes	22,255	11,912
Share-based compensation expense	6,728	6,305
Provision for doubtful accounts	1,775	4,880
Proceeds from government securitization of winter weather event costs	—	197,366
Changes in assets and liabilities:		
Accounts receivable	152,828	314,545
Materials and supplies	(8,853)	(1,721)
Natural gas in storage	48,807	124,463
Asset removal costs	(31,660)	(32,551)
Accounts payable	(101,495)	(198,968)
Accrued taxes other than income	(12,775)	(23,952)
Customer deposits	(1,944)	(3,219)
Regulatory assets and liabilities - current	(75,496)	35,633
Regulatory assets and liabilities - noncurrent	8,826	26,217
Other assets and liabilities - current	(35,126)	12,156
Other assets and liabilities - noncurrent	1,375	1,555
Cash provided by operating activities	250,926	748,742
Investing activities		
Capital expenditures	(342,370)	(322,231)
Other investing expenditures	(2,381)	(1,647)
Other investing receipts	2,975	2,462
Cash used in investing activities	(341,776)	(321,416)
Financing activities		
Borrowings (repayments) of notes payable, net	943,000	(334,900)
Issuance of common stock	3,368	3,175
Repayment of other long-term debt	(773,000)	—
Repayment of securitized utility tariff bonds	(13,780)	—
Dividends paid	(74,672)	(72,006)
Tax withholdings related to net share settlements of stock compensation	(987)	(2,384)
Cash provided by (used in) financing activities	83,929	(406,115)
Change in cash, cash equivalents, restricted cash and restricted cash equivalents	(6,921)	21,211
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	39,387	18,127
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 32,466	\$ 39,338
Supplemental cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 70,201	\$ 47,773
Cash paid (received) for income taxes, net	\$ (1,232)	\$ 9,174

-more-

APPENDIX

**ONE Gas, Inc.
KGSS-I SECURITIZATION**

In November 2022, Kansas Gas Service Securitization I, L.L.C. (KGSS-I) issued \$336 million of securitized utility tariff bonds. KGSS-I used the proceeds from the issuance to purchase the Securitized Utility Tariff Property from Kansas Gas Service, pay for debt issuance costs, and reimburse Kansas Gas Service for upfront securitization costs paid on behalf of KGSS-I.

Revenues for the three months ended June 30, 2024, include \$11.5 million associated with KGSS-I, which is offset by \$7.4 million in operating and amortization expense and \$4.2 million in net interest expense. Revenues decreased \$0.3 million compared to the same period last year, which was offset by the net change of a \$0.1 million increase in operating and amortization expense and a \$0.3 million decrease in net interest expense.

Revenues for the six months ended June 30, 2024, include \$23.2 million associated with KGSS-I, which is offset by \$14.9 million in operating and amortization expense and \$8.3 in net interest expense. Compared to the same six month period last year, revenues decreased \$0.5 million, which was offset by the net change of a \$0.4 million increase in amortization and operating expense and a \$1.0 million decrease in net interest expense.

The following table summarizes the impact of KGSS-I on the consolidated balance sheets, for the periods indicated:

	June 30, 2024	December 31, 2023
	<i>(Thousands of dollars)</i>	
Restricted cash and cash equivalents	\$ 21,722	\$ 20,552
Accounts receivable	4,668	5,133
Securitized intangible asset, net	278,939	293,619
Total assets	\$ 305,329	\$ 319,304
Current maturities of securitized utility tariff bonds	28,183	27,430
Accounts payable	253	393
Accrued interest	6,892	7,207
Securitized utility tariff bonds, excluding current maturities, net of discounts and issuance costs \$5.1 million and \$5.3 million, as of June 30, 2024 and December 31, 2023, respectively	268,233	282,506
Equity	1,768	1,768
Total liabilities and equity	\$ 305,329	\$ 319,304

-more-

The following table summarizes the impact of KGSS-I on the consolidated statements of income, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	<i>(Thousands of dollars)</i>			
Operating revenues	\$ 11,555	\$ 11,807	\$ 23,226	\$ 23,740
Operating expense	(110)	(109)	(221)	(219)
Amortization expense	(7,295)	(7,180)	(14,680)	(14,269)
Interest income	152	226	340	301
Interest expense	(4,266)	(4,744)	(8,593)	(9,553)
Income before income taxes	\$ 36	\$ —	\$ 72	\$ —

-more-

APPENDIX

**ONE Gas, Inc.
INFORMATION AT A GLANCE**

<i>(Unaudited)</i>	Three Months Ended		Six Months Ended	
	2024	June 30, 2023	2024	June 30, 2023
	<i>(Millions of dollars)</i>			
Natural gas sales	\$ 306.8	\$ 348.3	\$ 1,000.9	\$ 1,320.0
Transportation revenues	\$ 30.3	\$ 29.1	\$ 70.7	\$ 68.0
Securitization customer charges	\$ 11.5	\$ 11.8	\$ 23.2	\$ 23.7
Other revenues	\$ 5.6	\$ 8.9	\$ 17.7	\$ 18.6
Total revenues	\$ 354.2	\$ 398.1	\$ 1,112.5	\$ 1,430.3
Cost of natural gas	\$ 72.0	\$ 130.2	\$ 455.0	\$ 796.0
Operating costs	\$ 140.3	\$ 136.4	\$ 293.1	\$ 282.2
Depreciation and amortization	\$ 72.5	\$ 67.5	\$ 149.1	\$ 138.8
Operating income	\$ 69.4	\$ 64.0	\$ 215.3	\$ 213.3
Net income	\$ 27.3	\$ 32.7	\$ 126.6	\$ 135.3
Capital expenditures and asset removal costs	\$ 194.6	\$ 190.2	\$ 374.0	\$ 354.8
<u>Volumes (Bcf)</u>				
Natural gas sales				
Residential	10.6	12.8	62.9	67.4
Commercial and industrial	5.1	5.7	22.2	23.9
Other	0.2	0.4	1.3	1.5
Total sales volumes delivered	15.9	18.9	86.4	92.8
Transportation	52.3	52.8	115.7	117.8
Total volumes delivered	68.2	71.7	202.1	210.6
<u>Average number of customers (in thousands)</u>				
Residential	2,106	2,090	2,108	2,095
Commercial and industrial	163	163	164	164
Other	3	3	3	3
Transportation	12	12	12	12
Total customers	2,284	2,268	2,287	2,274
<u>Heating Degree Days</u>				
Actual degree days	378	593	5,119	5,465
Normal degree days	669	667	5,888	5,904
Percent colder (warmer) than normal weather	(43.5)%	(11.1)%	(13.1)%	(7.4)%
<u>Statistics by State</u>				
<u>Oklahoma</u>				
Average number of customers (in thousands)	926	919	927	922
Actual degree days	117	234	1,798	1,953
Normal degree days	230	228	2,030	2,020
Percent colder (warmer) than normal weather	(49.1)%	2.6 %	(11.4)%	(3.3)%
<u>Kansas</u>				
Average number of customers (in thousands)	652	649	654	652
Actual degree days	221	316	2,422	2,567
Normal degree days	394	394	2,854	2,854
Percent colder (warmer) than normal weather	(43.9)%	(19.8)%	(15.1)%	(10.1)%
<u>Texas</u>				
Average number of customers (in thousands)	706	700	706	700
Actual degree days	40	43	899	945
Normal degree days	45	45	1,004	1,030
Percent colder (warmer) than normal weather	(11.1)%	(4.4)%	(10.5)%	(8.3)%